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C O N F I D E N T I A L SECTION 01 OF 02 BAGHDAD 000636

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TAGS: [ETRD](#) [ECON](#) [PGOV](#) [EINV](#) [IZ](#)

SUBJECT: IRAQ WANTS A JUNE WTO WORKING PARTY BUT
ACKNOWLEDGES IT MAY NOT GET THERE

REF: A. BAGHDAD 285

- [¶](#)B. THOME-SHACKLEFORD TELCON 09 FEB 2009
- [¶](#)C. USTR-EMBASSY-TIJARA DVC FEB 2009
- [¶](#)D. 08 BAGHDAD 3807
- [¶](#)E. 08 BAGHDAD 3134

Classified By: A/EMIN Michael dodman, reasons 1.4 (b,d).

[¶](#)1. (C) SUMMARY: The Iraqi Ministry of Trade is eager to hold its Third WTO Working Party (WP) in June. However, Trade Minister al-Sudani and WTO Unit officials acknowledge that if they do not make substantial progress in several areas by April, a June WP would not be justified. They appear to be making progress on the agriculture accession document (ACC4) and the initial services offer (ACC5), but exactly how much they can accomplish by April remains unclear. More problematic is Iraq's initial goods offer, which remains stalled. Meanwhile, the Ministry of Finance (MOF) has removed the Customs Director General (DG) -- a move WTO Unit officials hope will resolve the standoff over an MOF-drafted Customs Tariff (CT) bill which the MOT says is not WTO-compatible. The GOI also hopes to inform the WTO of its preference regarding the new WP Chair within the next 2-3 weeks. END SUMMARY.

Trade Minister Presses for June WTO Working Party

[¶](#)2. (U) ECON, USAID and USAID-funded contractors Tijara met with Iraqi Minister of Trade Abdul-Falah Hassan Al-Sudani March 4 for a detailed discussion of the current status of Iraq's WTO accession bid. Al-Sudani was accompanied by MOT DG for Trade Tharwat Akram Salman, WTO Unit Coordinator Sami Khairallah, and Deputy Trade Minister Abdulhadi K. Al-Hamiri. The Minister thanked the USG for its political and financial support for Iraq's accession and commended Tijara for the hard work and technical expertise it has provided to the WTO Unit. He made it clear that he is eager for the WTO to host Iraq's Third Working Party (WP) in June, but also acknowledged that WTO and USG officials believe (Refs B,C) that a June WP will only be productive if the GOI can make substantial progress in several areas by the end of April at the very latest.

Lots of Progress -- But How Much by April?

[¶](#)3. (SBU) Al-Sudani and Khairallah highlighted several areas in which the GOI has made progress. WTO-compatible sanitary and phyto-sanitary (SPS) and intellectual property rights (IPR) legislation are nearly ready to be submitted to the Council of Representatives (Ref A). The Health and Agriculture Ministries (MOH, MOA) are working directly with Tijara and have agreed to several of the WTO's suggestions on the SPS draft, and "the differences between the Iraqis' current IPR bill and the ideal WTO law are very minor," Khairallah said. The MOT is in the final stages of negotiating GOI's agriculture document (ACC4) with the MOA and the Ministry of Finance (MOF). The Iraqis hope to submit

the ACC4 by April, but Kairallah admitted that the GOI interagency has not yet resolved the issue of domestic price supports. Iraq's Initial Services Offer will not be ready by April, but is moving forward; the tourism section is done and the financial services portion is nearing completion, with telecommunications and transportation to follow. The USG side welcomed these updates and commended the MOT for its progress, but all acknowledged that the potential June WP will still depend not only on progress, but on how much can be demonstrated by April.

Personnel Shuffle Might Help Customs/Tariff Draft

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¶4. (SBU) While much progress is indeed being made, Al-Sudani and his team continued to express intense frustration with the MOF over the Initial Goods Offer, which remains stalled, and the associated harmonized tariff schedule and implementing Customs Tariff (CT) legislation. As Customs DG Ahmed Jassim Al-Itiya had suggested to us earlier (Ref A), the MOF submitted to the Shura Council (akin to a Constitutional Court) a CT draft that, Khairallah now confirmed, was incompatible with WTO standards, particularly in the areas of independent dispute resolution and the unilateral authorities of the Finance Minister in regards to the tariff schedule. The fact that the MOF moved this version of the bill forward is very problematic, because the MOT now needs to convince the MOF's Customs Directorate-General to petition the Shura to withdraw the draft and then modify it.

¶5. (C) Al-Sudani told us that he planned to meet with Finance Minister Bayan Jabr "this month" to ask him to pull the draft

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back from the Shura, but admitted that, even if Jabr agrees, speedy production of a new draft still remains unlikely. "Frankly speaking," Khairallah said, "the Ministry of Finance holds the keys. If they are not going to be pro-active, we cannot get it done." That said, MOT officials did sound one note of optimism -- namely, that the MOF has reassigned Customs DG Jassim to other duties within the Ministry. Both the WTO Unit and Tijara had viewed Jassim as perhaps the biggest obstacle to a WTO-compatible CT law and, Khairallah reported, the new acting Customs DG has already signaled that he may be more willing to work with the WTO Unit to produce a better bill.

Looking Forward

¶6. (SBU) The MOT's WTO Unit has made steady progress toward WTO accession in several areas. As Reftel A notes, however, we leave it to the WTO and the interested Washington agencies to determine if that progress is sufficient to suggest that holding a Third WP in June would be productive. On the Baghad level, we will continue make the WTO accession process one of the focal points of our engagement with the GOI, both through Tijara's assistance and within the Strategic Framework Agreement's (SFA) Working Group on Trade and Investment (which Deputy Minister al-Hamiri and Econcouns co-chair.) On a separate track, Al-Sudani noted that the GOI is working with the WTO to identify a new WP Chairperson. He would not tip his hand as to which candidate the Iraqis prefer, but strongly suggested that it should be a candidate "from the region." He said he would make the GOI's preference known in Geneva in the next 2-3 weeks.

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